

FY 2011 RSC Budget Plan

H.Con.Res. 281 - May 2010

A BALANCED BUDGET

The RSC budget plan achieves *surpluses* in 2019 and 2020, and *improves* the budget outlook in every single year. The national debt declines by more than \$6.4 trillion compared to the President's budget.

TAX POLICY

The RSC budget plan provides \$1.7 trillion of tax relief over the next five years, and accommodates making permanent the 2001 and 2003 tax cuts, makes permanent the AMT "patch" in every year of the budget window, and includes *none* of the tax increases proposed by Democrats.

DISCRETIONARY SPENDING POLICY

The RSC budget proposes that overall discretionary spending resources return to the FY 2008 levels that were in effect less than two years ago. Overall discretionary spending resources would be frozen at that level until the budget is balanced in 2019. Within this amount, the RSC budget assumes defense will be fully-funded (including the President's war funding requests).

Consequently, even as total discretionary spending remains flat, it will be necessary to decrease or eliminate spending for many non-security functions in order to fully fund defense and veterans spending.

It is possible that in the future the budget outlook will improve and it will be possible to reach balance by a date certain under a less restrictive discretionary spending policy. But the discretionary spending allocation must fit within what the American people can afford to send to Washington in taxes.

MANDATORY SPENDING POLICY

The RSC budget begins the task of restraining entitlements to sustainable spending levels. Below are some of the highlights:

- **Social Security:** Makes **NO** changes to current law. Social Security spending increases from \$612 billion in FY 2008 to \$1.2 trillion in FY 2020.
- **Medicare:** Provides spending increases equivalent to economic growth (the 1995 Contract with America budget included a similar policy). Medicare spending increases from \$385 billion in 2008 to \$622 billion in 2020.
- **Medicaid:** Provides spending increases equivalent to inflation (the 1995 Contract with America budget included this proposal). Medicaid spending increases from \$201 billion in FY 2008 to \$255 billion in FY 2020.

- Wasteful, Unnecessary, or Lower-Priority Mandatory Spending: Requires each committee to find savings equal to one percent of total mandatory spending under its jurisdiction from activities that are determined to be wasteful, unnecessary, or lower-priority.
- Repeals Troubled Asset Relief Program (TARP): Prohibits further obligations under the Troubled Asset Relief Program (TARP), saving taxpayers \$36 billion.
- Other Reforms Provided for: Provides for medical liability reform, freedom to purchase healthcare across state lines, opens ANWR to leasing, repeals Davis-Bacon Act, ends taxpayer funding of presidential campaigns, reforms federal retiree benefits, reforms food stamp spending, and sells a small percentage of federal assets.
- Repeal of Government Health Care Takeover: The RSC budget assumes repeal of the Patient Protection and Affordable Care Act (P.L. 111-148), as well as the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152).

REFORM

- Earmarks: Assumes savings from an earmark moratorium.
- Budget Enforcement: Creates “Family Budget Protection Accounts,” turns off the Gephardt rule, provides a definition of emergency spending that is enforceable via a point of order, and provides for quarterly consideration of rescission bills to cut the deficit.

RSC Budget Proposal: By the Numbers

(In billions of dollars)

Fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues	2,524	2,105	2,121	2,331	2,678	2,897	3,122	3,258	3,430	3,589	3,740	3,894	4,078
Outlays	2,983	3,518	3,410	3,397	3,237	3,237	3,324	3,433	3,563	3,658	3,758	3,884	4,015
Discretionary Spending	1,135	1,237	1,323	1,269	1,108	1,041	1,013	1,000	997	991	985	979	996
Mandatory Spending	1,595	2,096	1,881	1,895	1,850	1,868	1,931	2,001	2,091	2,158	2,235	2,342	2,442
<i>Social Security</i>	612	678	702	728	761	799	838	880	929	984	1,043	1,106	1,174
<i>Medicare</i>	385	425	456	460	470	480	490	510	530	552	574	597	622
<i>Medicaid</i>	201	253	242	225	228	231	235	238	241	244	248	251	255
<i>Other</i>	399	666	481	482	391	358	368	373	391	378	370	388	391
Net Interest	253	187	206	233	279	328	380	432	475	509	538	563	577
Deficit (-) or Surplus	(459)	(1,413)	(1,289)	(1,066)	(559)	(340)	(202)	(175)	(133)	(69)	(18)	10	63
Addendum: Discretionary Spending Budget Authority													
Total	1,219	1,391	1,145	1,092	933	933	933	933	933	933	933	933	955
<i>Defense</i>	666	659	693	708	616	632	648	666	684	701	719	736	754

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